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MCC FOR AMB. DANILOVICH, DEPARTMENT FOR EUR (DAS BRYZA)

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TAGS: [EAID](#) [PGOV](#) [PHUM](#) [KMCA](#) [AM](#)
SUBJECT: ARMENIA'S SCORECARD DELIVERED WITH A WARNING ON
POLITICAL RIGHTS

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Summary

1. (SBU) On October 6, 2006, Charge d'Affaires (CDA) and MCC Resident Country Director Alex Russin presented the MCC Indicator Scorecard on Armenia to Armenia's full MCA Governing Council, chaired by the Prime Minister. While we told the Council that Armenia had technically passed the criteria, the Board was seriously concerned about Armenia's poor policy performance on democratization issues, especially on the indicators in the "Ruling Justly" category. We pushed hard for better performance in these weak areas, and called on the PM and his colleagues to fulfill completely the commitments made by Armenia in FM Oskanian's letter to MCC, including to support fully the work of international and local organizations to bring about free and fair elections in 2007 and 2008. The MCC Board of Directors would consider these factors in its November 8 deliberations regarding Armenia's continued eligibility for MCC support. After a period of discussion, the Prime Minister closed the meeting by acknowledging that Armenia's eligibility depends on good performance in these elections and pledging to take all steps within his power -- both as Prime Minister and as head of his party to achieve this goal. End Summary.

2. (SBU) On October 6, 2006, CDA and MCC Resident Country Director presented the 2006 MCC Indicator Scorecard on Armenia to the Government of Armenia at the MCA-Armenia Governing Council meeting, specifically convened to address Armenia's policy performance on the MCC eligibility criteria. The Governing Council is the highest authority in the MCA-Armenia program governance structure. It is chaired by the Prime Minister and is comprised of six members of the government and five representatives of civil society. (Note: Points delivered were drawn from those received from the State Department's European Bureau and MCC with additional points generated within the Mission; points received directly from MCC, without interagency consensus, were not suitable for this event. End Note.)

3. (SBU) CDA reminded the Governing Council that the Millennium Challenge Account is built on the principle that USG assistance will be used more effectively in countries that have already adopted good policies. And that in selecting eligible countries, MCC uses sixteen indicators to evaluate a country's performance in the broad categories of ruling justly, investing in people and encouraging economic

freedom as well as two recently added indicators to measure natural resources management.

¶4. (SBU) We reviewed the scorecard with the MCA Governing Council noting that while Armenia had technically passed the MCC indicator requirements, the MCC Board was seriously concerned over Armenia's policy performance, specifically in the category of "Ruling Justly." CDA was blunt about our concern about Armenia's decline in key indicators, Political Rights, Civil Liberties, and Voice and Accountability. In particular, Armenia's Political Rights score continued to decline this year from a 20 two years ago to a 13 for FY07 mostly as a result of the flawed November referendum on constitutional amendments. Armenia's Civil Liberties score declined from a 32 to a 28 reflecting, inter alia, government constraints on press freedom.

¶5. (SBU) CDA highlighted that the MCC Board takes these declines very seriously and stressed that, in addition to the Scorecard, the MCC Board also reviews the progress made by the GOAM on the implementation of democratic reforms and would pay particular attention to Armenia's engagement with the international and local organizations helping to implement reforms necessary for Armenia to carry out proper elections in 2007 and 2008. We called attention to MCC CEO Amb. Danilovich's letter to President Kocharian regarding USG expectations of steps that the GOAM would take and also Foreign Minister Oskanian's response to MCC which included specific commitments to engaging with and supporting activities related to democracy promotion. CDA noted that the MCC board meeting would take place on November 8 and that the Board would look for improved performance.

¶6. (SBU) In the ensuing discussion there were some questions related to how the GOAM could improve its scoring and why some of the parameters used to measure the MCC indicators had changed. We underscored that it was pointless to complain about whether the GOAM thought the scores reflected an

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objective assessment, but encouraged the GOAM to speak directly with Freedom House (who calculates the Political Rights, Civil Liberties indicators). In reference to the second question, we explained that the measurement changes were technical and did not affect Armenia's ranking.

¶7. (SBU) The Prime Minister closed the meeting by stating that what needed to happen was that the GOAM continue to work towards implementing free and fair elections in 2007. He pledged that he would do all he could, both in his position as Prime Minister and as head of his party, to support this goal.
GODFREY